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INFO RHEBAAA/DEPT OF ENERGY WASHINGTON DC  
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RUCPDOG/USDOC WASHINGTON DC  
RUEHBH/AMEMBASSY NASSAU  
RUEHCV/AMEMBASSY CARACAS  
RUEHDG/AMEMBASSY SANTO DOMINGO  
RUEHKG/AMEMBASSY KINGSTON  
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SUBJECT: New LNG Fueling Terminal Expands DR's Energy Diversification

¶1. On 2/1, AES Dominicana inaugurated a new USD 10 million liquefied natural gas (LNG) fueling terminal at its Caucedo energy park outside Boca Chica, reportedly the first of its kind in Latin America, capable of filling 48 trucks per day, operating 24 hours per day. AES is currently focused on using the terminal to supply industrial customers; it has contracted with six distribution companies to provide the LNG to ten companies, including Grupo M (one of the largest free trade zone companies here) and Rica (a beverage group). However, AES is also discussing the creation of 40 service stations around the country that can provide fuel for automobiles running on LNG.

¶2. In his remarks, AES Dominicana President Manuel de la Rosa outlined the environmental and economic benefits brought by the new terminal and, implicitly, LNG. He claimed that the terminal would result in the substitution of 35 percent of the existing energy matrix, providing annual savings of USD 1.1 billion (or 2.5 percent of GDP) and annual reductions of carbon dioxide emissions of 300 tons. De la Rosa underlined the importance of reducing the DR's reliance on more expensive petroleum by observing that the DR's 2008 energy imports were equivalent to its current account deficit. (NOTE: According to Central Bank statistics, the DR's 2008 current account deficit was USD 4.436 billion, whereas its total energy imports were USD 4.234 billion. Of that USD 4.234 billion, USD 1.241 billion came from crude petroleum imports at USD 98.96 per barrel whereas USD 178 million came from natural gas imports at USD 34.98 per barrel. END NOTE.)

¶3. COMMENT: AES has invested over USD 800 million in the DR - USD 450 million of that in the Caucedo energy park - making it the largest investor in the energy sector in the DR and one of the largest foreign direct investors in the country. One AES official at the reception noted that this type of investment had not been possible until recently, since the high price of LNG made it an impractical fuel source for industrial customers. However, the fall in LNG prices and the rise in oil prices had made LNG more attractive. He noted that several of the contracting industrial customers were planning on expanding use of LNG in their back-up generators. END COMMENT.  
Lambert